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C O N F I D E N T I A L SECTION 01 OF 07 ASHGABAT 000219

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SUBJECT: TURKMENISTAN: BERDIMUHAMEDOV'S FIRST YEAR IN  
OFFICE: UNPRECEDENTED CHANGE

Classified By: CDA RICHARD E. HOAGLAND: 1.4(B), (D)

¶1. (SBU) SUMMARY: During his first year in office, Turkmenistan's President Gurbanguly Berdimuhamedov has delivered more change than most here expected or even thought was realistically possible for immediate post-Niyazov Turkmenistan. Spurred by a wish to make Turkmenistan a respected member of the international community and to attract the foreign investment Turkmenistan needs to become a normal, modern state, Berdimuhamedov has promoted reform in multiple sectors. Although he has continued to pay-lip service to promoting the policies of his successor, Berdimuhamedov has restructured his cabinet, reversed damage to the education, health and social welfare sectors, eliminated the most extreme manifestations of Niyazov's cult of personality, taken steps to promote human rights and strengthen the rule of law, taken first steps to improve access to information, advanced rural development, begun addressing issues hurting Turkmenistan's investment climate, increased the country's engagement with other countries, and promoted multiple export options for its natural gas. Most of these changes began following his watershed visits to New York and Brussels, where political leaders and business people alike successfully pressed for change. He has had to make these reforms against strong odds, motivating officials that lacked accountability and -- in many cases -- the expertise needed to do their jobs. Because Berdimuhamedov still has an enormous way to go to achieve his goals, continued engagement is essential. END SUMMARY.

¶2. (SBU) O February 14, 2007, President Gurbanguly Berdimuhamedov was sworn into office following a public election in which the population eagerly participated, even though it did not meet international standards. Berdimuhamedov inherited a country that former President

Niyazov had come close to running into the ground. He surprised many when his inaugural speech went beyond dull platitudes and reiterated his campaign commitments to implement reform. Later, he declared a commitment to promote broad-based but gradual reform to a number of high-level visitors, including from the United States. However, nobody knew for sure what to expect, since many of the reforms he proposed had the potential to threaten the entrenched interest groups that helped to promote his rise as Acting President following Niyazov's death.

¶3. (SBU) During his first few months in office, Berdimuhamedov may have disappointed those who were looking for dramatic evidence of reform by continuing to pay nominal lip-service to maintaining his predecessor's policies. Nevertheless, over the course of the last year, he has also started delivering on his promises. At first, the reforms were focused on the most unpopular and/or easiest to change of Niyazov's policies. But reform targets became somewhat broader following visits to New York and Brussels, during which political leaders and business people pressed the need for change if Turkmenistan is to become a respected member of the international community and an attractive target for the foreign investment that President Berdimuhamedov says he wants.

#### FINE-TUNING HIS ADMINISTRATION TO SUPPORT REFORM

¶4. (SBU) Berdimuhamedov moved quickly following his inauguration to comply with Turkmenistan's Law on the Cabinet of Ministers, which requires new leaders to appoint a council within a month. While his initial cabinet contained a

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disappointing number of hold-overs, the president's first year has been marked by a large number of new appointments as Berdimuhamedov has sought to bring on people more in tune with his vision, or at least competent in their area of responsibility. Unlike his predecessor, however, President Berdimuhamedov's firings have generally not been accompanied by arrests, except in cases involving embezzlement, corruption or other illegal activities.

¶5. (SBU) While President Berdimuhamedov has retained a tight rein on his ministers' activities, he has also not hesitated to restructure his government to facilitate his agenda and priorities. Specifically, he has:

- Established a Commission for Handling Citizens' Complaints against Law Enforcement Agencies to review Niyazov-era prisoner convictions, which has resulted in the release of some political prisoners incarcerated by the previous regime.

- Created a Commission on Human Rights headed by cabinet Deputy Chairman/Foreign Minister Rashit Meredov to oversee the effort to bring Turkmenistan's policies, particularly in human rights areas, up to international standards.

- Created a Special Commission for Drafting Laws, which he chairs, and a new Law Institute whose chief responsibility is assisting Turkmenistan's Mejlis (Parliament) and relevant agencies to overhaul or draft from scratch over 30 legal codes/laws.

- Empowered the Institute of Democracy and Human Rights to begin work to bring Turkmenistan into compliance with international standards.

- Re-established the Academy of Sciences (abolished by Niyazov) as the Supreme Council for Science and Technology to promote science and technology in Turkmenistan. This body is becoming an influential player in promoting reform in the education and cultural sectors.

- Created a State Agency for Management and Use of Hydrocarbon Resources, a successor to the Competent Body

abolished by Niyazov during his 2005 hydrocarbon sector purges. This State Agency has become the main body through which the government interacts with foreign oil and gas companies seeking to do business in Turkmenistan.

-- Established a Supreme Auditing Chamber that is tasked with imposing fiscal responsibility and transparency.

-- Revamped several ministries' portfolios. He divided the overworked and overstretched Ministry of Economy and Finance, for example, into separate ministries for Finance, and for Economy and Development.

-- Created a new DEA-like State Counternarcotics Agency with 700 employees to oversee Turkmenistan's battle against narcotics trafficking and use.

#### EDUCATION, HEALTH, AND PENSIONS: WHAT PEOPLE CARE ABOUT MOST

¶6. (SBU) Berdimuhamedov's most popular and earliest reforms took place in the education, health, and social welfare sectors -- three areas where the depredations of the Niyazov area were especially disastrous. Since his inauguration, Berdimuhamedov has ordered a return to the compulsory standard of 10 years' education, a return of universities to

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five years of classroom study, and -- beginning in September 2008 -- the reintroduction of graduate-level academic programs. There is a new emphasis on exchange programs and the hard sciences, and exchange students' foreign academic degrees are being recognized, a major step that allows them to receive credit for their overseas study. (NOTE: However, exchange students must still pass a test that includes questions about Turkmenistan's history and culture. END NOTE.) The president has also restored and -- in many cases -- increased old-age pensions that Niyazov had largely eliminated. He is embarking on a course of hospital-building, with the main focus on improving medical facilities in Turkmenistan's five provinces. He has also fully supported donor-based programs to fight tuberculosis and HIV/AIDS, and has approved construction of an "HIV/AIDS Prevention Center" and a hospital for contagious diseases.

#### ELIMINATING NIYAZOV'S CULT OF PERSONALITY

¶7. (SBU) Berdimuhamedov has incrementally started dismantling Niyazov's cult of personality. Almost immediately following his inauguration, he banned the huge stadium gatherings and the requirement that students and government workers line the streets, often for hours, along presidential motorcade routes. References to Niyazov's "literary" works, especially the "Ruhnama," have decreased steadily. Since late January 2008, daily televised readings of the "Ruhnama" have been discontinued, and many of the "Ruhnama" signs scattered around town have been replaced by pictures of symbols in which Turkmen take pride, such as the high-rise buildings in downtown Ashgabat and the famous Ahalteke horses. Tellingly, the activities for the one-year commemoration of Niyazov's death were the bare minimum consistent with Turkmenistan's cultural and religious traditions.

¶8. (SBU) However, in some places, Niyazov's picture has been replaced by Berdimuhamedov's, and the new president's quotations have replaced "Ruhnama" quotations on newspaper mastheads -- a practice not uncommon in Central Asia. Since January, the president has started rolling out a "New Revival" ideology which promotes "government for the people." (NOTE: He had started to use the term "new revival" to refer to his administration by fall 2007. END NOTE.) The timing of the "New Revival's" roll-out and the "Ruhnama's" ebbing away is probably not coincidental, since some here believe that eliminating the "Ruhnama" suddenly, without introducing an alternate ideology, could be potentially destabilizing. One hopeful trend is that Berdimuhamedov appears to be

signaling that the country should draw its inspiration from its history, rather than from the cult of the leader.

#### IMPROVING HUMAN RIGHTS AND STRENGTHENING RULE OF LAW

¶9. (SBU) Some of Niyazov's police-state policies, especially limiting internal freedom of movement, have disappeared. Less than a month after his inauguration, Berdimuhamedov removed police checkpoints on the roads between cities and eliminated the requirement for Turkmenistan's citizens to obtain permits to travel to border zones (although the permit system remains in force for foreigners). Two new religious minority groups have been registered for the first time in nearly three years, and the Embassy has not heard of a single incidence in 2007 of building demolitions being carried out without ensuring that residents were given alternative housing. Diplomatic missions in Ashgabat also agree that, while there remain cases of police harassment and arbitrary

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detention, the frequency and volume of such cases seem to have decreased markedly over the last year. (COMMENT: In contrast to the Niyazov era, when Post met three to four times per week with individuals seeking assistance on human rights issues, we are now seeing people only once or twice a month. Other missions are recording similar trends. It is highly unlikely that these trends are due to less access to diplomatic missions. END COMMENT.) In August, Berdimuhamedov pardoned 11 prisoners, including the former Grand Mufti of Turkmenistan, and promised more would be pardoned. Several other prisoners of interest were offered clemency in the annual October pardoning.

¶10. (SBU) There also has been a new focus, spearheaded by Berdimuhamedov, on promoting rule of law. The president has made clear that he wants Turkmenistan to improve its human rights record and is working through the Institute for Democracy and Human Rights, Human Rights Commission and Parliament to bring Turkmenistan's practices up to international standards. For now, the focus is on improving Turkmenistan's legislation. The Human Rights Commission has identified some 30 laws/codes that must be either created from scratch or overhauled. The Institute on Democracy and Human Rights has identified amending the laws on civic organizations and religious organizations as priorities. Work on the criminal code, criminal procedures code, and administrative code reportedly is also on-going. Across the board, foreign donors in Ashgabat are reporting substantial improvement in both the quality and quantity of cooperation and engagement, including those areas directed toward promoting human rights change. Much of this change in attitude is a direct result of the president's encouragement.

#### IMPROVING ACCESS TO INFORMATION

¶11. (SBU) Since his inauguration, President Berdimuhamedov has been working to promote greater access to information, including to increase Internet access. There is now a network of at least 18 Internet cafes throughout the country, which did not exist in Niyazov's time. While Internet access at these cafes remains expensive for the average Turkmen citizen, many users have reported that they have even been able to access sensitive opposition websites, though on a spotty basis. In general, the poor quality of Turkmenistan's communications infrastructure, rather than a lack of will, seems to be the biggest obstacle to increased access to outside information, and President Berdimuhamedov has made improvement of the telecommunications infrastructure a major priority. Several international companies are negotiating to provide the infrastructure for national broadband wi-fi.

¶12. (SBU) The president is also pushing his officials -- hard -- to improve the quality of written and broadcast media. For virtually the first time, the "Altyn Asyr" channel is broadcasting western (U.S. and European, but not Russian) films like "Runaway Bride" and "Meet the Family."

News programs are beginning to feature clips recorded from foreign news programs with increasingly (though still mild) political content, including about the U.S. presidential campaign. (NOTE: As testament to increased access to information here, an EmbOff, who has delivered several outreach speeches recently on an historical topic, has received a number of questions from each audience about the U.S. presidential campaign. The level of detail of the questions shows that at least some Turkmen are getting enough information to closely follow the U.S. political process. END NOTE.) The Embassy's Public Diplomacy section is

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reporting a new willingness among reporters to consider forms of cooperation that would have been unprecedented even nine months ago, and newspapers are giving wider coverage to Western, and especially U.S., visitors. An on-going presidential initiative to replace satellite-dish farms on top of and up and down the sides of every Ashgabat apartment building with four roof-top dishes for each building corresponding to four major satellites -- while reportedly being carried out for aesthetic, rather than access, reasons -- will also have the consequence of offering affordable satellite service providing a much-touted 500 foreign television stations to more of Ashgabat's citizens.

#### IMPROVING LIFE IN TURKMENISTAN'S MARGINALIZED RURAL REGIONS

¶13. (SBU) Although the president has continued his predecessor's massive building program in Ashgabat and started promoting establishment of a glitzy, high-priced new tourist zone in Turkmenbashi's Avaza district, he has also publicly stated that rural development is one of his top priorities. To that end, he is working to ensure that all rural residents have access to running water, electricity, communications, and decent roads, and is pushing relevant ministries hard to begin delivering basic infrastructure. In addition to establishing "magnet" districts in each province whose development is to serve as a model for other marginalized districts, he has also authorized construction of new schools and community buildings, signed decrees that authorize near-free loans to rural residents to build homes, and is ensuring -- for the first time in years -- that farmers are paid fair prices on time for their cotton and wheat crops.

#### ECONOMY AND FINANCE

¶14. (SBU) After a very slow start, President Berdimuhamedov over the past six months has placed a new priority on promoting economic and financial reform. Motivated primarily by the need to provide a more attractive target for foreign investors, the president has been pushing his cabinet members for some time to introduce changes in the economic and financial sectors, but has faced unusually strong foot-dragging from his Central Bank Chairman, Geldimyrat Abilov. Despite this, Turkmenistan has announced that it will redenominate its currency in 2009 and, in preparation for that measure, has slowly begun to unify the country's dual exchange rates. Most recently, President Berdimuhamedov on February 8 said that some state enterprises would be privatized -- though not in "strategic" sectors like as oil and gas, electricity, textiles, construction, transportation, and communications, which will remain state-owned -- and directed the Parliament to draft legislation that will facilitate private-sector growth. In a notable development, the president also announced that he will abolish the opaque extrabudgetary funds that were prone under his predecessor to misuse and corruption. Finally, although Abilov continues in meetings with westerners to promote the virtues of maintaining state subsidies, the state slowly began to raise the price of electricity on January 2 and, more suddenly, the price of gas on February 8. These measures may be part of an early effort to gradually phase out the state's tremendously expensive subsidies system.



## FOREIGN POLICY: A NEW FOCUS ON ENGAGEMENT

¶15. (SBU) Despite his statements that he is continuing the "neutrality" policies of his predecessor, Berdimuhamedov has

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redefined Turkmenistan's "permanent neutrality" away from isolation to put an unprecedented emphasis on foreign engagement. Since his inauguration, he has made 12 foreign visits and received hundreds of foreign government and business delegations. He has met every one of his presidential neighbors, including President Ilham Aliyev of Azerbaijan, with whom Niyazov had maintained a running feud. He has established joint trade and economic investment commissions with all of his neighbors, and is using those commissions to promote new bilateral trade relations and resolve the issues which contributed to Turkmenistan's political and commercial isolation under Niyazov. He has exchanged visits with Russia's President Putin, made a state visit to Beijing in July, visited New York in September for UNGA and Brussels in early November. Berdimuhamedov has held positive meetings with high-level U.S. officials and leaders of the Organization for Security and Cooperation in Europe (OSCE) and United Nations to discuss areas of potential assistance. He met with UN High Commissioner on Human Rights Louise Arbour in May, Head of the OSCE's Office for Democratic Institutions and Human Rights (ODIHR) Christian Strohal, and agreed to a visit by the UN's Special Rapporteur on Religious Freedom at an as-yet undetermined date. In early February, Turkmenistan joined the ranks of international assistance donors, trucking aid to Afghanistan to help its neighbor deal with an unusually frigid winter, and increasing electricity exports to an energy-stricken Tajikistan. Turkmenistan previously had limited its assistance to Afghanistan to forgiveness of energy debts and provision of electricity at 2 cents per kilowatt hour.

¶16. (SBU) Under Berdimuhamedov, Turkmenistan has also begun joining or increased its participation in a number of regional cooperative organizations, including the anti-drug Central Asian Regional Information and Coordination Center (CARICC), and the anti-money-laundering Eurasian Group. Turkmenistan also hosted and fully funded a regional Paris Pact meeting on combating narcotics trafficking in August. It has begun participating more actively as an observer in the Shanghai Cooperation Organization (SCO) and the Commonwealth of Independent States (CIS). Although the Central Asian Trade Investment Framework Agreement (TIFA) was one of the handful of regional mechanisms in which Turkmenistan did participate under Niyazov, that participation was largely passive. However, Turkmenistan under Berdimuhamedov has clearly expressed its wish to do more within the TIFA framework, including hosting the next Council meeting.

## A NEW FOCUS ON COOPERATION

¶17. (SBU) One of the biggest changes that Berdimuhamedov has brought to Turkmenistan is the recognition that the country cannot bring Turkmenistan up to international standards on its own. Representatives of USAID and other bilateral and multilateral donor organizations all report an unprecedented and still growing level of enthusiasm for cooperation within most -- though still not all -- government ministries. Requests for training, assistance, equipment, and support are straining Ashgabat's donor community. Efforts by some old-thinking bureaucrats, especially in the Ministry of Education, the Central Bank, and the Ministry of National Security, to block or otherwise impede foreign assistance programs may perhaps be a legacy of the culture of xenophobia Niyazov had encouraged.

## ENERGY RESOURCES: PUSHING FOR MULTIPLE OPTIONS

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¶18. (C) Turkmenistan has world-class natural-gas reserves, but Russia's near monopoly of its energy exports has left Turkmenistan receiving much less than the world price and overly beholden to Russia. President Berdimuhamedov seems to realize that pipeline diversification, including both a pipeline to china proposed for 2009 and the possibility of resurrecting plans for a Trans-Caspian Pipeline that would avoid the Russian routes would enhance Turkmenistan's economic and political sovereignty. Although he took the steps needed to increase the volume of gas exports to Russia -- signing a tripartite agreement (with Russia and Kazakhstan) in Moscow on December 20 to enlarge a Soviet-era Caspian littoral pipeline -- he also is working quietly to resolve Turkmenistan's long-standing dispute over its Caspian Sea border with Azerbaijan, and has said in private he wants a Caspian "infrastructure inter-connector" with Azerbaijan as soon as possible as a prelude to the Trans-Caspian Pipeline.

¶19. (SBU) COMMENT: The list of Berdimuhamedov's accomplishments during his first year in office is long and represents a sea change from his predecessor. It has not been easy motivating Turkmenistan's officials, many of whom fear initiative and lack the accountability and the expertise needed to do their jobs. Although Berdimuhamedov has achieved a lot, he still has a long way to go to achieve his goals. The only way Turkmenistan will be able to reach these goals and build the infrastructure to achieve solid, lasting reform is through continued engagement by the international community in general and the United States in particular.  
END COMMENT.  
HOAGLAND